

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of  
Securities Dealers, Inc.  
NASD Financial Center  
33 Whitehall Street  
New York, N.Y. 10004  
FAX (212) 858-4389

In the Matter of the Arbitration Between

Name of Claimants

Robert &amp; Geraldine Petrucelli

91-02976

**PUBLIC**Name of Respondents

J.B. Hanauer & Co.  
George Sirigotis  
Paul Gordon

REPRESENTATION

For Claimants Robert & Geraldine Petrucelli ("Petrucelli"): Joseph E. Gasperetti, of Coleman & Rhine.

For Respondents J.B. Hanauer & Co. ("Hanauer"), George Sirigotis ("Sirigotis"), and Paul Gordon ("Gordon"): Jeffrey J. Wild, of Lowenstein, Sandler et al.

CASE INFORMATION

Amended Statement of Claim filed: November 6, 1991.

Statement of Claim filed: September 23, 1991.

Claimant's Submission Agreement signed on: May 6, 1992.

Joint Answer to Amended Statement of Claim filed by Respondents on: November 21, 1991.

Respondent Hanauer's Submission Agreement signed on: November 21, 1991.

Respondent Sirigotis' Submission Agreement signed on: December 27, 1991.

Respondent Gordon's Submission Agreement signed on: December 27, 1991.

HEARING INFORMATION

Hearing Dates/Sessions: May 6, 1992/ 2 sessions

May 7, 1992/1 session.

Hearing Location: NASD, Inc., New York, NY.

CASE SUMMARY

Claimants alleged Sirigotis fraudulently induced Robert Petrucelli ("Petrucelli") to open six (6) brokerage accounts, guaranteeing that safety of principal was absolute and that the accounts would yield a return of at least eight (8%) percent per year. Claimants alleged the principal value of the accounts declined nearly fifty (50%) percent, when closed, due to

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AWARD  
#91-02976  
Page Two

Sirigotis' investing in speculative limited partnerships. Claimants alleged Sirigotis misrepresented the value of the accounts to Claimants in that he provided misleading account statements. Petrucelli alleged he complained to Hanauer; however, its Senior Vice President, Respondent Gordon, stated Sirigotis had no expertise in financial planning, consulting or pension managing. Finally, Claimants alleged Respondents were liable due to the guarantee Sirigotis made to them regarding the performance of their accounts; the misrepresentations Sirigotis made regarding his expertise; the misleading account statements Sirigotis prepared, under Gordon's supervision; and disregarded Claimant's investment objectives by investing in speculative limited partnerships.

Respondents alleged Claimants were not fraudulently induced to open the six (6) brokerage accounts; Hanauer never gave Claimants any express guarantees regarding the safety of the principal Claimants invested or the return these investments would yield; Hanauer denied the value of Claimants' investments declined nearly fifty (50%) percent when the accounts were closed. Hanauer denied Claimants' accounts were invested by Sirigotis in speculative limited partnerships; Respondents asserted Claimants made each investment decision regarding these six (6) non-discretionary accounts after being advised of the risks and advantages of each. Respondents asserted Sirigotis informed Claimants he had prior experience recommending investments for non-discretionary pension accounts and Gordon told Claimants Sirigotis was a registered representative only. Finally, Respondents denied the investments were unsuitable.

**RELIEF REQUESTED**

Claimants requested: actual damages in excess of \$120,000.00.

Respondents requested: they denied Claimants were entitled to a monetary award from Hanauer; expenses; and attorneys' fees.

**OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

- 1- All claims asserted against Respondent Paul Gordon were withdrawn, with prejudice;
- 2- This arbitration panel has accepted a stipulation, on the record at the hearing, that the following necessary parties be brought in: Townsquare Ortho Assoc. Inc. Employee Pension Plan; Robert Petrucelli, Custodian for Michelle M. Petrucelli; and Robert Petrucelli, Custodian for Phillip M.

AWARD  
#91-02976  
Page Three

Petrucelli.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1- The claims of the Claimants are denied in their entirety;
- 2- Respondents' request for attorneys' fees and expenses are denied;
- 3- All other claims are denied in their entirety;
- 4- Each party shall bear its own expenses, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee previously deposited by Claimants and the following Forum Fees are assessed.

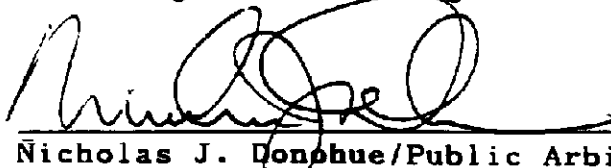
3 sessions X \$750.00 = \$2,250.00 minus hearing session deposit of \$750.00 = net \$1,500.00 due.

Forum fees Assessed Against:

- 1- Claimants, in the amount of \$2,250.00; however, the NASD shall retain the \$750.00 hearing session deposit previously deposited by Claimants, therefore, the amount due and owing equals \$1,500.00.

Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures

  
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Nicholas J. Donohue/Public Arbitrator

DATE OF DECISION: June 5, 1992

AWARD

#91-02976

Page Three

Petrucelli.

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Allen Kilik

/Public Arbitrator

DATE OF DECISION: June 5, 1992

RD  
#91-02976  
Page Three

Petrucelli.

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Martin M. Berk  
Martin M. Berk, Industry Arbitrator

DATE OF DECISION: June 5, 1992